

Message Text

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42

ACTION EB-06

INFO OCT-01 ISO-00 ARA-06 SS-15 SP-02 L-01 INR-05 RSC-01

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P 051618Z NOV 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC PRIORITY 3148

C O N F I D E N T I A L QUITO 7405

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FOR EB/ASST. SECRETARY ENDERS

E.O. 11652: GDS

TAGS: ETRD, EC

SUBJ: FOREIGN BUYER PROGRAM: SUBSECRETARY OF GOVERNMENT,
DR. ESTARELLAS

REF: A. QUITO 3429; B. QUITO 3609; C. STATE 127547; D. QUITO 4285

E. QUITO 4873; F. USDOC 14423; G. QUITO 6597; H. QUITO 6675

I. STATE 225287; J. STATE 232176 K. QUITO 7193;

L. STATE 240998

1. I AM SERIOUSLY CONCERNED WITH THE EFFECTIVENESS OF OUR EXPORT PROMOTION PROGRAM FOR ECUADOR WHEN WE CANNOT SEEM TO ELICIT SUFFICIENT RESPONSE FROM AS LARGE A FIRM AS GENERAL MOTORS WHEN THAT FIRM HAS NEARLY A US \$2 MILLION SLAE OF VEHICLES PRACTICALLY IN THE BAG.

2. IN LATE MAY, WE WERE APPROACHED DIRECTLY BY DR. CARLOS ESTARELLAS, SUBSECREATARY OF GOVERNMENT, AT THE REQUEST OF THE MINISTER HIMSELF, FOR ASSISTANCE IN OBTAINING U.S. SUPPLIERS FOR POLICE VEHICLES, ARMS AND OTHER EQUIPMENT. THE MINISTER WANTED TO STANDARDIZE ALL POLICE EQUIPMENT AND WISHED TO PURCHASE US VEHICLES ON CONTINUING BASIS, AND AS A STARTER HAD AN ALLOCATION OF US \$6.4 MILLION FOR CY 74. WHICHEVER US FIRM RECEIVED THE VEHICLE CONTRACT COULD DEPEND ON CONTINUING SALES.

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WE HELPED COORDINATE A PROGRAM OF APPOINTMENTS FOR ESTARELLAS'

VISIT TO WASHINGTON ON JUNE 10, AND THE MINISTRY WAS VERY PLEASED WITH EXCELLENT ROUND OF APPOINTMENTS MADE FOR HIM BY COMMERCE.

3. AFTER THIS, COMMUNICATIONS BEGAN FALLING APART. PRODUCT LITERATURE PROMISED TO ESTARELLAS AND POUCHED BY COMMERCE DID NOT ARRIVE UNTIL LATE JULY. NOW, WHEN THE MINISTRY IS ANXIOUS TO SIGN A CONTRACT FOR THE PURCHASE OF CHEVROLET VEHICLES AND URGENTLY REQUESTS THAT A GM EXECUTIVE VISIT QUITO TO NEGOTIATE A CONTRACT, GM CLAIMS THAT IT DOES NOT HAVE ALL THE DATA REQUIRED OR THAT SOME DETAILS OF THE CONTRACT ARE UNCLEAR. IT IS PRECISELY FOR THESE REASONS THAT THE MINISTRY WISHES TO RECEIVE THE VISIT OF A GM EXECUTIVE SOONEST. AND SO DO WE.

4. ON OCTOBER 8, I REPORTED MY TALK WITH MINISTER (ADMIRAL) POVEDA AND HIS DESIRE TO STANDARDIZE ON AMERICAN VEHICLES, AND REMINDED THE DEPARTMENT THAT POVEDA WAS IN A GOOD POSITION TO INFLUENCE ARMED FORCES PURCHASES. AT THAT TIME, I ALSO EXPRESSED HOPE THAT WASHINGTON AGENCIES WOULD ENCOURAGE CHEVROLET TO RESPOND QUICKLY. (REF H)

5. WE WERE TOLD YESTERDAY BY LT. GALVEZ, AIDE TO THE MINISTER, THAT BUDGETED FUNDS MUST BE SPENT PRIOR TO THE END OF NOVEMBER, AND THAT THE MINISTRY WILL HAVE TO SHOP ELSEWHERE IF GM DOES NOT SEND ITS REPRESENTATIVE DURING THE COMING WEEK. GALVEZ EXPRESSED HIS PERSONAL FRUSTRATION SAYING QUOTE IS GM SERIOUSLY INTERESTED IN SEELING ITS VEHICLES, YES OR NO, THAT IS ALL WE WANT TO KNOW UNQUOTE. AT THIS STAGE, THE ONLY WAY GM CAN CONVINCE THE MINISTRY OF ITS INTEREST IS TO SEND AN AUTHORIZED EXECUTIVE TO QUITO WITHOUT FURTHER DELAY. A TELEX REPLY WHICH GM WAS EXPRECTED TO SEND THE MINISTRY BY NOV 1, INCIDENTALLY, STILL HAS NOT BEEN RECEIVED. (REF (K))

6. IT IS DIFFICULT ENOUGH SELLING IN ECUADOR WHEN WE ARE FACED WITH SO MANY MAJOR FOREIGN COMPETITORS, AND WHEN GOVERNMENT DECISION-MAKERS ARE LESS THAN CLEAR ON WHAT THEY WANT AND WHEN THEY WANT IT. WHEN THE GOVERNMENT SIGNALS ITS INTENTION TO EFFECT A MAJOR PURCHASE FROM A US COMPANY SUCH AS GM, THE RESPONSE SHOULD BE IMMEDIATE. WHEN THIS IS NOT THE CASE, AND GM SHOWS NO SERIOUS INTEREST IN BOLSTERING ITS DECLINING SALES WITH AN CONFIDENTIAL

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INITIAL US \$2 MILLION EXPORT ORDER, THEN THE VALIDITY OF THE TRADE OPPORTUNITY PROGRAM IN GENERAL COMES INTO QUESTION AND THE END RESULTS OF THIS POST'S CONCENTRATED EFFORTS IN PARTICULAR.

7. ACTION REQUESTED: I WILL VERY MUCH APPRECIATE YOUR PERSONAL ASSISTANCE IN EMPHASIZING TO MR. WILLIAM HARPER, NEW YORK OFFICE, OR SOME OTHER EXECUTIVE OF GM THE URGENCY OF SENDING TO QUITO

IMMEDIATELY A GM REPRESENTATIVE AUTHORIZED TO NEGOTIATE AND
SIGN A CONTRACT PRIOR TO THE END OF NOVEMBER. IN THE MEANTIME,
WE ARE TRYING TO PLACATE THE MINISTRY WITH VARIOUS EXCUSES AS
TO WHY GM HAS DELAYED SENDING ITS MAN.
BREWSTER

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